

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

DPF5214 – PERSONAL FINANCE AND INSURANCE

7TH FEBRUARY 2023

9.00 A.M. to 11.00 A.M.

(2 HOURS)

INSTRUCTION TO STUDENT

1. This question paper consists of **TWO (2)** pages (excluding this cover page), with **FIVE (5)** questions.
2. Answer **ALL** the questions. The distribution of the marks for each question is given.
3. Write all your answers in the **Answer Booklet** provided.

Answer ALL FIVE (5) questions.

Question 1 (20 marks)

Insurance coverage are vital for an individual or a family. Based on the importance of the insurance coverage, you required to calculate the amount of life insurance needed using all three methods and applying the details provided as below:

- (a) Multiple of income method. You have a gross annual income of RM 52,000. Determine the minimum amount of life insurance you should have.
- (4 marks)**

- (b) The easy method. You are the wage earner in a normal family with RM60,000 gross annual income. Determine how much life insurance you should have.
- (4 marks)**

- (c) DINK method. You and your spouse are in good health and have reasonably secure jobs. Each of you makes about RM40,000 annually. You own a home with a RM 100,000 mortgage, and you owe RM11,000 on car loans, RM2,000 in personal debt, and RM3,000 in credit card loans. You have no other debt. You have no plans to increase the size of your family in the near future. You estimate that funeral expenses will be RM5,000. Estimate your total insurance needs using the DINK method.
- (12 marks)**

Question 2 (20 marks)

- (a) You have purchased a home for RM200,000 9 years ago. Today, the home is worth RM300,000. Your remaining mortgage balance is RM100,000. Assuming you can borrow up to 80 percent of the market value of your home, calculate the maximum amount you can borrow.
- (8 marks)**
- (b) Explain the **THREE (3)** factors that taken into consideration for calculating the time value of money.
- (12 marks)**

Continued...

Question 3 (24 marks)

Distinguish the **FOUR (4)** differences between mortgage loan and hire purchase loan.

(24 marks)

Question 4 (20 marks)

Discuss the **FOUR (4)** basics steps you need to take into consideration for your retirement planning.

(20 marks)

Question 5 (16 marks)

Describe **TWO (2)** types of wills format under the estate planning.

(16 marks)

End of page.